

1. D. Anderson, 'Tertiary fees and the social mix', in *Australian Universities' Review*, 1985, 28, 1, pp.20-23.
2. Commonwealth Schools Commission, *In the National Interest: Secondary Education & Youth Policy in Australia*, Canberra, 1987.
3. See e.g. R.W. Connell, D.J. Ashenden, S. Kessler & G.W. Dowsett, *Making the Difference*, Allen & Unwin, Sydney, 1982; G.

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- Whitty, *Sociology and School Knowledge*, Methuen, London, 1985.
4. B. Hannan, *Democratic Curriculum*, Allen & Unwin, Sydney, 1985; B. Wilson & J.

- Wyn, *Shaping Futures*, Allen & Unwin, Sydney, 1987; C. McCarty & J. Ratley, *Acting Together*, Wattle Park Teachers' Association, Adelaide, 1983.
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Privatisation: a critical perspective*

1. Introduction

In May 1985 the Federal Government announced its decision to allow higher education institutions to market their services to overseas students at full cost. This development has sparked a wide-ranging national debate, amongst policy-makers, academics, students and others about the privatisation of higher education.

The policy change has given impetus to emerging neo-conservative pressures for broader changes to the higher education system involving:

- the deregulation of central funding and planning arrangements;
- the introduction of the user-pays financing principle, including tertiary tuition fees and student loans;
- the establishment of private and semi-private universities and colleges; and
- the deregulation of the academic labour market.¹

This paper critically examines market modes of higher education service delivery, and the deregulatory impetus in the Australian higher education system. An account of relevant recent developments and proposals is given. Finally, an alternative view to the privatisation principle is presented, which includes a defence of the public sector role in higher education and a means to limit and control the undesirable effects of the education export policy.

2. General principles

The Australian higher education system is a planned non-market system, and is consequently an output maximiser subject only to budgetary and quality constraints. The planning of higher education therefore occurs principally through a process of public and open debate. Such debate provides a guide on how quality is defined, on what the output of the system should be, and on what budgetary restraints apply to its operation. Goals are

then set and resources distributed accordingly.

"Market based systems, by their nature, seek to maximise the return on capital and labour invested and therefore tend to skew resource allocation to areas which generate the highest rate of return."

Market modes of delivering education services operate in a quite different manner and with profoundly different social and economic consequences. Market based systems, by their nature, seek to maximise the return on capital and labour invested and therefore tend to skew resource allocation to areas which generate the highest rate of return. Demand and resource allocation are exclusively mediated by the price mechanism and the operation of market signals. Some neo-conservative theorists have developed elaborate free-market models for higher education service delivery, in which market signals and transaction pricing have actual responsibility for determining both demand and resource allocation.² The assumption is that the market mechanism is neutral and that individual needs are adequately reflected in the market by price information.³

This perspective is flawed as it takes no account of the unequal relations inherent in the market. The market will tend to produce social and educational outcomes which reward those consumers (students) and those producers (higher education institutions) with the greatest market power. These are most likely to be potential domestic or overseas students with

large private financial means and those public or private institutions with strong concentrations of capital and equipment resources and a large domestic enrolment base. The achievement of publicly determined policy objectives is likely to be incidental to, or perhaps even in spite of, the market's operation.

Public planning of the higher education system takes place at a federal level through the Commonwealth Tertiary Education Commission (CTEC) and institutions are funded by the Federal Government through a triennial grant mechanism. The role of the states, only twelve years ago considerably more prominent, is now essentially one of local co-ordination of the CAE sector.

Currently private higher education institutions are proposed in a number of states. Private funding occurs almost entirely in the research and consultancy areas, for which purpose many institutions have established subsidiary companies to promote their services and to seek outside contracts. Private funding of teaching activities is limited to a small amount of corporate sponsorship, on an ostensibly philanthropic basis for staff positions or facilities in areas of direct interest to the corporations concerned.

In the past decade, particularly since the assumption of central Commonwealth funding and planning responsibilities, the main goals established for higher education through public planning have been the balanced development of universities and CAEs, including a pattern of higher education provision capable of overcoming geographical and regional disparities, the production of a skilled labour force, the achievement of greater equality of educational outcomes, the expansion of

access and a contribution to economic growth and development.

Measurement, in empirical terms, of the system's performance is a difficult and uncertain task given its non-market character. Many of the considerations which apply to the measurement of productivity in the market sector including rates of return on capital invested, the price elasticity of demand, definitions of efficient capacity utilization and the specific exchange value of the commodity produced do not directly apply to the measurement of a non-market system's performance.⁴

Nonetheless the following achievements demonstrate the increasing effectiveness of the public system:

- a substantial increase in enrolment levels; total enrolments in universities and CAEs increased from 229,115 in 1973 to 370,048 in 1985 — equivalent to growth of 61.5%.⁵
- a consistent output of qualified graduates and high levels of graduate success in the labour market. Over 54,000 first degree and diploma courses were completed in 1984, representing a 12% increase over the 1976 figure. The corresponding increase in higher degree graduates was nearly 30%. Graduates have consistently higher employment rates — 97% compared with 88% of non-graduates in 1985 — and, despite the economic down-turn and structural change in the economy, maintain a considerable advantage over non-graduates.⁶
- increased access for working class people, migrants, Aborigines and women, brought about by expansion of student places, the establishment or extension of higher education presence in rural and economically disadvantaged areas, the increase in numbers of Aboriginal students assisted by special study schemes, and growth in opportunities for part-time, external and mature-age enrolment.⁷
- diversification of course offerings, and shifts in emphasis in enrolments to match economic and social needs for graduates in particular disciplines. For instance, growth in commencing students in economics and business studies, between 1979 and 1985, was 34.8%. Science and applied science grew by 28.0%, while dentistry dropped by 13.9% and humanities grew by only 9.4%.⁸
- increased links with commerce and industry and an associated expansion of research and consultancy work. The growth in the number and turnover of applied research/consultancy companies, in the college system in particular, and recent initiatives such as

the AVCC/Business Council of Australia Consultative group are good examples of this. The recently developed Teaching Company Scheme, sponsored by the Department of Industry, Technology and Commerce, is another. Companies and institutions work in partnership, via Commonwealth seeding grants, to develop research and develop programs which will substantially improve the company's technology and performance.

- adaptability to changing economic and budgetary circumstances, and the achievement of substantial economies of scale including extensive rationalisation of institutions in the advanced education sector in 1981-82, the merger of three CAEs with neighbouring universities in small urban centres, and the reassessment of priorities and services necessitated by severe financial constraints imposed by Federal funding reductions over the years 1975-83.⁹

"... the higher education system cannot divorce itself from the needs of business and industry."

These observations need to be tempered by an appreciation of the specific circumstances of Australian higher education and recognition that it is located in a predominantly market economy. Therefore, despite its own internal non-market character higher education is subject to, and must respond to, demands and pressures generated by the operation of the market in other social and economic spheres.

Consequently the higher education system cannot divorce itself from the needs of business and industry. The real issues are the terms on which interaction with the private sector occurs, and the need to ensure that market impulses are not established inside the higher education system itself.

Moreover it is important to recognise the weaknesses of the existing centrally planned system. High levels of unmet demand and low participation rates by international standards are problems which need to be urgently addressed. In the late 1970s, Australia had the lowest annual higher education growth rate (2.7%) of all OECD countries. As recently as 1981 the participation rate in full-time education for the 15-19 age-cohort was only 46.2%, and for the 20-24 cohort only 5.7%.¹⁰

Recent growth in higher education places funded by the Labor Government has fallen well short of what is required to meet increasing demand, and hardly

keeps pace with demographic changes. Increased retention rates to the final year of secondary school — in 1985 up to 44% — have created unprecedented pressures. In 1986, some 33,000 or 22.7% of qualified applicants for higher education places were refused entry to the system.¹¹ In fact, in 1985 a smaller proportion of the 17-19 year old population (10.7%) was in higher education than was the case ten years earlier (11.0%).¹²

The existing weaknesses of the public system have provided a convenient focal point for the advocates of deregulation who argue that the abolition of central planning and the increased involvement of the private sector can provide a basis for sustained expansion of the higher education system.

In reality however, proposals for deregulation are a specific response to funding constraints which would ration access to scarce resources through the market mechanism of price, rather than the non-market administrative mechanisms of quotas and entrance scores.

This is linked to the more generalised aim of establishing a dual system of higher education in which the public sector provides a minimum safety net for socially disadvantaged people (through government funding and scholarship arrangements), and in which a burgeoning private sector provides an increasing proportion of student places based on capacity to pay.

It is important to note that the immediate pressures for the deregulation of higher education do not involve the unfettered application of market principles but represent initial attempts to gain a foothold in the public system on the assumption that more sweeping changes will be economically and politically easier at a later time.

3. Recent developments

3.1 Tertiary tuition fees

The introduction of tuition fees either on a comprehensive or limited basis is the cornerstone of the free market approach. Tuition fees are seen by the neo-conservatives as a means of increasing the funding base for higher education and also of redistributing income. It is argued that the abolition of fees has not produced a fundamental change in the social composition of Australian universities and colleges and therefore the (relatively) wealthy clientele of higher education institutions should meet the costs of their own education rather than expecting the majority of ordinary taxpayers to meet this cost through general Commonwealth revenue.

Although this view is often asserted little empirical evidence is provided to

support it. What empirical information is available illustrates that there has been a discernible shift in the socio-economic composition of universities and colleges since the abolition of tuition fees, as the following table indicates:

Occupational background of the fathers of higher education students 1974 compared to 1979		
Background	Percentage of student population in:	
	1974	1979
PROFESSIONAL		
Universities	33%	32% (-1%)
Colleges	26%	18% (-8%)
TRADES/MANUAL		
Universities	14%	19% (+5%)
Colleges	18%	26% (+6%)

(Anderson and Vervoorn, *Access to privilege*, ANU Press, October 1983, p146 and Commonwealth Department of Education, 1979 *Survey of full-time tertiary student finances*, p19.)

This modest, though observable shift, is remarkable in view of countervailing policy decisions in the late 1970s which mitigated against greater social equality, including the loss of some 45,000 non-means tested teacher education scholarships and the declining real value of student allowances.¹³

The basic premise underlying the argument for fees is that the public sector should not be universal but should act as a residual social safety net with all but the needy being required to meet direct costs through fees. In this sense the argument between advocates of the user-pays system is really an argument between universalism or selectivism in higher education.¹⁴

“... the problem of social inequality in higher education will not be solved by the reintroduction of tuition fees or the application of market principles.”

However, the problem of social inequality in higher education will not be solved by the reintroduction of tuition fees or the application of market principles. Calls for this radical experiment in social engineering via the free-market pose an acute danger for the development of equality in higher education.¹⁵

The free-market analysis of tuition fees is, in any case, fundamentally flawed in several key areas:

- studies of the effects of the reintroduction of tuition fees have concluded that tuition fees would reduce participation for those under-represented in higher education, most notably those from semi-skilled or unskilled

family backgrounds, from low-income families and from minority or disadvantaged groups. The most reputable and authoritative survey conducted on the impact of the reintroduction of tuition fees (at levels of \$1500 in 1978 prices) concluded that between 21.3% and 30.1% of students (depending on institution type) would defer or not enrol if required to pay fees. Fees were found to have an inequitable social impact; while only 12.3%-20.4% of students from upper professional backgrounds would defer or not enrol, the corresponding figures for students from semi-skilled backgrounds were between 34.1% and 38.2%. Disparities on the basis of income data were even more marked.¹⁶

- the argument misconstrues the link between access to higher education and economic and social power. There are costs associated with gaining a higher education — indirect costs, particularly in terms of income foregone during the period of study and direct costs in the form of food, transport and general living requirements. Those from privileged social backgrounds are undoubtedly better able to meet these costs, particularly while the inadequacies of student allowances confine those from lower socio-economic backgrounds to the margins of higher education. For the latter, fee payment for access to higher education often involves an unacceptably high opportunity cost. Moreover, unequal outcomes from

schooling including the relative (and often absolute) material privilege of the private schooling system, the bias against working class students in HSC assessments and the pattern of secondary school retention, mitigate against those from lower income or status origins.¹⁷ To increase the direct private costs of higher education through the introduction of fees would distort the pattern of participation even further as it would differentially affect potential students according to their capacity to pay.

- undoubtedly many students earn high incomes as graduates and should be expected to make a substantial contribution to the cost of providing higher education, but this does not lead necessarily to support for tuition fees. Fees are an attempt to redistribute income at the point of entry into higher education, but would paradoxically worsen the chances of those least able to pay. Social and economic equality should be promoted after exit from higher education through a more progressive and equitable general tax regime. This mechanism is less arbitrary and regressive, and recognises that many higher income earners do not derive their privileged position partially or exclusively from higher education.
- calls for tuition fees emphasise only those elements of higher education which are consistent with a market perspective — that is the social costs and private benefits. Very little is said about the social benefits of higher education. Economic progress, literacy, cultural development and scientific achievement are inextricably linked to the provision of higher education, and the increasing complexity of modern economic, social and political structures demands a vast array of skilled personnel drawn in large measure from higher education. It is precisely these social benefits which have historically given rise to extensive state subsidisation of higher education. Moreover, if the market view was applied consistently, employers and the private sector, who accrue very substantial private benefits from public subsidies for a trained and highly productive labour force, should be liable for a specific component of the costs of higher education.

Although, at least by its own assertion, the Labor Government has not moved to introduce tuition fees in higher education, the 1986-87 Federal Budget announced that an “administration charge” of \$250 would be payable by all university and CAE students from 1987. Revenue from

the charge offsets reductions in general operating grants to institutions. The insistence that the charge covers “administrative” rather than tuition costs is therefore entirely a semantic one. While it is true that the indexation of the fee in line with non-academic salary costs is enshrined in the necessary amendment to the States Grants Act, it is also true that the charge sets up the mechanism for fee collection which would facilitate the imposition of more substantial fees in the future, particularly under a Liberal Government.

“The Government has been held back both by pressure from the education unions and by the fear of electoral backlash, caused by public opposition to fees on principle.”

And, despite the existence of party policy opposing tertiary fees, substantial and powerful elements within the Federal Government support their reintroduction. The Government has been held back both by pressure from the education unions and by the fear of electoral backlash, caused by public opposition to fees on principle.¹⁸

3.2 The export of education services

Proposals for public institutions to market education services overseas are the most explicit arena in which the general deregulatory debate in higher education is currently making itself felt.

The issue is a complex one involving not only educational, social and industrial issues, but also questions related to Australia's aid policies, international trade arrangements, currency fluctuations, foreign policy and the general objectives Australia sets out to achieve through the education of overseas students.

A detailed analysis of the economic and foreign policy issues arising from the export of education services is beyond the scope of this paper.¹⁹ However, some of the key issues raised by these developments for the domestic system and the existing overseas student programs are discussed below.

Following consideration of the recommendations of two major reviews of overseas student policy the Commonwealth Government announced in the latter half of 1985 a series of policy decisions to encourage and support the export of education services by Australian universities and colleges. An Australian Government mission was sent to South East Asia

and Hong Kong in July-August 1985 to survey the potential education export market. After considering the mission report the Government announced a consolidated policy governing the principal elements of marketing in a Cabinet decision of September 1985. This decision confirmed earlier Government announcements on changes to the subsidized quota program and on guidelines for the enrolment of full-fee paying overseas students. It also responded to some criticism and detailed a marketing strategy.

To encourage Australia's overall export performance and boost economic growth the Government supports public institutions enrolling full fee paying students provided that no Australian student is disadvantaged and that public funds do not directly or indirectly subsidize the export sector. A series of guidelines to give effect to these requirements, in on-shore and off-shore courses, have been developed and include the following provisions:

- fees should be charged on the basis of the full average recurrent cost of the course provided, plus allowances for capital, equipment and overhead and service costs.
- CTEC must approve the development.
- academic standards comparable with those obtaining in the domestic system must apply.
- delivery of courses may be contracted to an outside organisation.

Undoubtedly the Commonwealth Government's decisions to support and encourage the export of education services have generated broad pressures for deregulation. The principal elements of the full range of overseas marketing proposals — fee-for-service payment, competition between individual institutions, private sector financing, deregulation of planning limits and semi-private delivery systems — demonstrate clearly the extent of free-market influence.

3.2.1. A deregulated marketing strategy

The Commonwealth's support for marketing envisages a largely deregulatory approach based on institutions competing for students and overseas contracts. Three elements of the Government's marketing strategy provide an illustration of this:

- individual public institutions, subject to certain minimum restrictions in terms of accounting and establishing base fee levels, are free to set their own charges for marketed courses for overseas students, either on-shore or off-shore.
- individual public institutions, while requiring ultimate Commonwealth approval, are free to individually

negotiate and enter into contractual arrangements with organisations and individuals in the deregulated target market countries.

- individual public institutions are free to retain all surpluses generated from market activities in which they engage, presumably as a reward for their entrepreneurship.

This deregulatory approach has serious implications.

A key objective of marketing higher education overseas is to generate surpluses which can be devoted to increasing the number of places for Australian students, and to reducing the financial obligations presently carried by the Commonwealth Government in expanding the domestic system.²⁰

Reliance on a thriving market sector as a basis for financing future domestic expansion needs to be appraised critically. It is clear that projects which will generate a significant rate of return are likely to be concentrated in a small group of key institutions. The marketing strategy does not envisage a central redistribution of surpluses generated by these institutions, preferring to leave them in individual institution's hands as a market incentive.

The Government will need to commit itself to expanding the public funding base of institutions that lack the capability of marketing systemically if distortions in the domestic system are to be avoided. In other words, additional rather than reduced public resources must be provided to guarantee stable and consistent expansion of the domestic system as a whole.

Moreover, it is essential that growth in domestic student load financed by non-Government sources is subject to planning limits determined by Commonwealth and State higher education authorities. Without these commitments the danger exists that the future pattern of domestic growth will be exceptionally uneven. This could potentially undermine the existing Commonwealth strategy for balanced higher education development which targets traditionally disadvantaged outer metropolitan and regional areas.²¹

This critical appraisal, of course, rests on the assumption that the marketing of higher education services to overseas students will be a lucrative exercise with the capacity to actually deliver substantial additional resources across the higher education system as a whole.

In the event that marketing does not create a large pool of additional funds its purpose becomes unclear. A legitimate concern is that the ground is being prepared for a substantial reduction in Australia's aid commitment (estimated at \$100 million per year) to providing subsidised places to overseas students under the current quota program.

A further deregulatory impetus provided by the move to overseas marketing of education services involves competition between the states for a share of the education export market. This has led to some states assuming a more active and aggressive role in determining higher education policy and planning, and is discussed further below.

3.2.2. Future of the existing subsidised quotas

The creation of an export sector in the higher education system now means there are three established categories of overseas students in Australia:

- fully funded and sponsored students brought into Australia principally under the auspices of ADAB
- private overseas students who pay the "subsidised" overseas student charge (OSC) and are admitted on the basis of quota restrictions
- private overseas students who can enter Australia subject only to their ability to pay a full commercial fee and to meet academic prerequisites for course admission.

In establishing the third category of overseas students (the private full-fee paying student), the Commonwealth Government and institutions who intend to become involved in marketing have emphasised that the existing subsidised program will not be affected. It may be wise to regard such assurances with scepticism.

At present there are over 13,700 sponsored or subsidised overseas students in Australia either under ADAB or quota/OSC arrangements — these arrangements can broadly be described as the regulated component of Australia's overseas student policy. The overseas student charge (OSC), based on a notional full cost of \$10,000 per annum for an overseas student place, is \$4,500 (or 45% of full cost) from the beginning of 1987. In the expensive discipline areas such as medicine, dentistry, veterinary science, slightly higher charges apply.

The fee structure of the new unregulated component of Australia's overseas student policy, the export sector, is substantially at odds with the basis on which the OSC is calculated. Full commercial fees for expensive disciplines are likely to be well in excess of the notional \$10,000 full cost used as a basis for determining the OSC.

At the opposite end of the scale the fully commercial fee in less expensive disciplines is likely to be very close to the "subsidised" OSC level of \$4,500. In these circumstances full fee courses for overseas students may end up competing for students with the existing quota program.

Moreover, it is difficult to understand how the regulated quota system which

distributes overseas students to individual institutions and schools or faculties by reference to a fixed formula (a limit of 10% overseas enrolment at an institutional level and 20% at a school or faculty level applies), can operate efficiently alongside an unregulated overseas student sector which provides for an entirely random distribution of overseas students.

The new institutional quota system, announced by the Government in March 1985²², arose in response to two major Government reports on overseas student policy. The first, the Jackson Report²³ argued for the abolition of the existing quota-based program for private overseas students and proposed a fully "market driven" overseas student sector without quota restrictions based on a fully commercial fee. A scholarship program would be a residual aid effort on Australia's part. The Goldring Report²⁴ argued for the maintenance of the quota program with modifications to the "subsidised" fee-level and the introduction of institution and discipline sub-quota.

The Government's policy decision is essentially a compromise between the Jackson and Goldring positions which maintains with some modification the existing private quota program, and establishes a new market-oriented export sector.

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The newly established market sector, however, is likely to dictate the pace and nature of any future changes to the subsidised quota program. Government policy seems intent on allowing the rate of expansion of the market sector to be the primary arbiter of the subsidised program's fate, by adopting a temporary and uneasy compromise between a regulated and a deregulated approach.

The rationale upon which the subsidised program is founded is that it makes an important contribution to Australia's overseas aid effort and relations with our near neighbours in South East Asia and the South Pacific. Since 1984 the \$100 million subsidy the quota program involves has been explicitly included as a

component of the overseas aid budget rather than the higher education budget.²⁵

There are strong arguments in favour of major changes to the structure of the quota program. Undoubtedly at the moment the aid impact of the quota program is largely random and little effort has been made to properly target subsidies in accordance with Australia's general aid priorities, a fact highlighted by Malaysia's guaranteed disproportionate share of the total overseas student quota.

Efforts to more effectively target the quota programs resources are necessary but any attempt to reduce the net subsidy which Australia presently commits to overseas education should be opposed. An examination of sensibly structured education aid programs, particularly in South Africa, South East Asia and the South Pacific is an important component of more effectively targeting the existing quota subsidy.²⁶

3.2.3. Educational standards

The deregulated approach to marketing education services overseas will create pressures for a reduction in entry standards and course quality.²⁷ The market creates pressures unknown in a publicly planned system. Time constraints and the need for relative secrecy in order to gain a competitive edge over potential rivals militate against normal and acceptable academic processes and can lead to pressures for academic decisions to be made quickly without recourse to institutional accreditation and planning committees, academic boards and similar internal bodies.²⁸ Serious disruptions and divisions can accordingly occur within an institution's academic community. The perception that educational standards are at risk as a result of the circumvention of open academic processes has already led, in several cases, to vigorous opposition to specific marketing proposals (or to education marketing in general) by staff and student groups.²⁹

It is possible that entry and exit standards for overseas students undertaking specifically tailored marketed courses could be lowered in the face of commercial pressures. Fluctuations in the market will undoubtedly tempt some institutions to dilute entry criteria and prerequisites in order to maintain student numbers. It is also possible similar pressures may be exerted to maintain pass rates in marketed courses.³⁰

Appropriate remedial, preparatory, bridging, sandwich and English language courses should be made available to overseas students as part of marketed education services. These can ensure high success rates by full-fee overseas students and can protect quality and educational standards. Obviously, there are substantial costs associated with the provision of these forms of academic support.

The internationally recognised quality and reputation of Australian courses is a major competitive strength in the South East Asian education market. From a strictly market point of view it would be self-defeating for institutions not to provide the additional resources necessary to ensure that overseas students are capable of high levels of success.

3.2.4. Protection of the domestic system

There are several difficulties which the export of education services could create for the domestic Australian higher education system. One of these, the implications of financing of domestic student growth from market generated surpluses, has been dealt with earlier.

In a highly competitive education market, particularly in South East Asia, a primary consideration is the extent to which fees charged are price-competitive with marketed course offerings in Western Europe, the United States and Japan. Stringent efforts are necessary to ensure that the enrolment of full fee paying overseas students in public higher education institutions will not lead to hidden subsidisation of marketed courses from funds designated for domestic purposes. Market pressures, particularly in the early stages of the establishment of an Australian education export sector, could tempt some institutions artificially to depress fee levels charged by the direct or indirect use of employed staff, equipment, capital resources and domestically employed staff.

3.2.5. Industrial relations

Marketed education services could well have a substantial impact on both academic and administrative areas of employment. The market fundamentally differs from a publicly planned system in that enrolment levels and patterns of demand cannot be stable in a fee for service mode of delivery. An acute danger arising from this lack of stability is the prospect of further proliferation of contract appointments.³¹ Contract employment has already emerged as a major industrial issue in the public system, presently the subject of industrial award applications in a number of states, and has caused considerable dissatisfaction amongst academics.

Institutions undoubtedly will consider offering higher salary and benefit packages to individuals as an incentive to take up academic employment in the market sector, particularly if projected areas of growth in the export sector are in disciplines where the recruitment of staff is already difficult. While the academic unions naturally cannot easily oppose the provision of more favourable employment conditions to their members, there is concern that the present centrally deter-

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mined state and federal systems of regulating conditions of employment could be undermined by these practices. Marketing contains the seeds, not yet grown, of broad deregulation in the academic labour market.

The Review of Efficiency and Effectiveness in Higher Education has recommended that academics receive salary loadings of up to 20% for staff in areas where suitably qualified staff are difficult to attract, for market reasons.³² It is clear that this recommendation is designed to allow at least partial deregulation of academic salaries in order to attract academics from professional areas where there is high demand for courses from overseas.

Academics may also need to spend considerable time with overseas students providing remedial assistance, help with English and study skills and personal counselling. Ideally these services should be fully funded by revenue generated from marketed course areas, but market pressures may tempt institutions to cut costs in these areas by expecting teaching and research academics in the public system to exercise some of this responsibility, as part of normal duties.

Care will be needed to ensure that class sizes in marketed course areas are consistent with practices in the domestic system if increased workloads are to be avoided. Institutions will also need to ensure the adequate replacement of staff seconded to marketed course areas from the public system, both in terms of staff numbers and levels of appointment. The diversion of undergraduate teaching staff in the domestic system to the market sector, and the possibility of undue weight being given to overseas marketing or consultancy experience as a criterion for appointments and promotions, are potential industrial problems which require careful attention and monitoring³³ by academic institutions and staff associations.

3.3 Private institutions

The dual factors of unmet demand for higher education, and the deregulatory impetus of the free-market export approach, have led also to plans to establish private universities and other higher education institutions. The move towards privatisation originally focused on the overseas market sector, but sustained pressures are also building up in the domestic system itself.

The initial proposal in this area was the

plan alluded to earlier, instigated by the Western Australian Government through its export arm Exim, to establish a privately funded campus of Murdoch University at Yanchep Sun City outside Perth. Murdoch has since withdrawn from the proposal but it remains in essentially the same form since Curtin (formerly WAIT) has taken the place of the university partner. The scheme is essentially what can be termed a semi-private one, involving a new privately-funded campus which nevertheless remains part of the central or "validating" institution (in this instance the Curtin University of Technology).

A "hybrid" institution, on the other hand, is created when a private organisation or institution is responsible for the direct provision (including management and academic decision-making) of courses at full cost to overseas students, with academic and staffing resources provided on contract by a public institution (known as the "validating" institution in current jargon). The proposed establishment of the Cape Byron International Academy by Northern Rivers CAE in conjunction with Hixson Holdings Pty Ltd is an example of a hybrid institution. This involves an organisationally and financially separate entity, known as the "Cape Byron International Academy", which would maintain mutually-beneficial contractual arrangements with the Northern Rivers CAE. These would include "validation" or academic accreditation and oversight of award courses to be offered.

The Commonwealth has indicated its preparedness to support 'hybrid' arrangements subject to appropriate safeguards. To date no formal safeguards have been developed but the matter has been the subject of discussions between the Commonwealth Education Minister and the State Education Ministers through the Australian Education Council (AEC). At its meetings of October 1985 and June 1986, the AEC considered a draft set of safeguards which include a requirement for State and Federal Government approval, safeguards involving academic appointments and courses and a prohibition on the use of Commonwealth funds to subsidise the hybrid institution either directly or indirectly.

It is by no means clear, however, that those proposed safeguards would apply to "semi-private" institutions of the Yanchep type. In any case, the draft safeguards are inadequate and incomplete.

The most notable proposal for a fully private institution is that for the "Bond University of Applied Technology" to be set up at Miami on the Queensland Gold Coast.³⁴ This institution, which has appointed a Vice-Chancellor at twice the

normal Australian salary, aims to attract staff and students, both local and overseas, predominantly in professional areas. Students will pay fees of at least \$7,000 and the university will be housed in luxury accommodation overlooking lagoon and ocean vistas. It is proposed to generate profits to subsidise teaching activities through a "technology park" and through research and consultancy contracts with the corporate sector.

"As in the Yanchep case, this project is largely a real estate development in disguise ..."

As in the Yanchep case, this project is largely a real estate development in disguise, aimed at enhancing the value of the Bond empire's land holdings on the Gold Coast and, through various financial transfers within the Bond group of companies, improve the liquidity of certain Bond projects and investments.³⁵ To date, little detail of the Bond University's proposed academic profile and aims has been made publicly available, whereas a lengthy prospectus dealing with real estate and capital facilities has been prepared and distributed by the Bond Corporation.

A further plan in Queensland for a private university involves the National Party backed Christian Heritage College, a fundamentalist Christian institution which is currently being established and which is to be transformed into a private university.³⁶

Private, semi-private and hybrid institutions raise several serious problems when their impact on the publicly funded higher education system is considered. The experience of the public/private division of schooling in Australia, together with some preliminary information on the market-driven American system, demonstrates clearly that moves towards private higher education will exacerbate social inequalities.

In the USA a comprehensive analysis of the social composition of the higher education system conducted in the early 1970s by the American Council on Education, following the mass expansion of the 50s and 60s, revealed major inequities between the public and private sectors. Students from low-income backgrounds were very poorly represented in the prestigious private universities (10.6% of total enrolments) while students from relatively wealthy backgrounds comprised 41.7% of enrolments. More broadly the survey documented a hierarchical system dominated by the (private) state universities, state universities, state colleges and community colleges. In each case the hierarchy revealed strong correlations between

income/social background and the level of access.³⁷

There is a dearth of recent material on the social composition of the US student population. A recent study of the racial and ethnic make-up of university and college enrolments in that country, however, does provide some interesting information.³⁸ The study shows, for example, that American Indians represent 0.7% of enrolments in public institutions, and only 0.4% of those in private institutions. Blacks represent 9.1% of public enrolments, 8.7% of private enrolments and only 4.2% of Harvard enrolments, while the data on Hispanic enrolments are 4.9%, 2.9% and 3.1% respectively.

There is a danger that the private system, in the long term, may undermine the role of the public higher education sector, which could become the "residualised" system which caters for those unable to afford private higher education, and/or which offers courses in disciplines not profitable in the private sector.³⁹

At a more practical level the extraordinary divisiveness of the State-aid debate in schooling is not something any sensible policy-maker would like to see brought into the higher education system.

Further major problems identified by the education unions include:

- **The potential for a drain on public finances and the public system in the form of subsidies or hidden subsidies to the private sector;**

The experience of the school system in this respect is chastening. Since the Karmel settlement of 1973, levels of subsidy to the private school sector have increased enormously with commensurate reductions in the per capita financial effort devoted to the public system. One consequence of this transfer of resources has been to substantially reduce the direct private costs of obtaining a private education. Increased public subsidies have kept private school fees at an artificially depressed level and have triggered enrolment drift from public schools, leading to further destabilisation of the public system and an ongoing cycle of reductions in its funding base.

Simon Marginson, in *The collapse of the Karmel consensus*, offers an account of the damaging effects of privatisation of the school system. He observes that the private schooling system, financed in part by Commonwealth subsidies, has been able to grow at the expense of the public system because these State subsidies have depressed the private price of private schooling.⁴⁰ Between 1974-75 (the first year of the Karmel settlement) and 1981-82 the real private price of private schooling fell by 55.3% while the share of Common-

wealth grants going to private schools increased from 43.2% to 51.9%.⁴¹ That a similar process might occur in the event of the establishment of a private sector in the higher education system is not lost on the neo-conservatives. Harry Gelber, for example, observes that "... the formal obstacles to the creation of a private university appear to be small ... it is likely that any private institution which was set up would, in time, seek some public funding by analogy with non-government secondary schooling".⁴²

- **Destabilisation of planning arrangements:**

Private or semi-private institution proposals pose clear dangers to the rational planning of higher education provision and would introduce an unhealthy and unnecessary element of competition between public institutions and newly established private institutions. The Bond University, for example, is located near the newly established Gold Coast CAE and could well undermine the carefully laid plans to develop this public institution. A similar problem has arisen in Western Australia where the proposed Yanchep campus of Curtin is located in the same student catchment area of the public Western Australian College of Advanced Education's latest campus development — the Joondalup campus.

- **Serious threats to academic freedom:** Market impulses can prevent academic staff from following lines of research and teaching, from public action and from exchanging information with colleagues, if any or all of these offend or disadvantage private sponsors or the management of the private institution.⁴³

- **Lack of accountability:**

This is inherent to the private sector whose planning imperatives and sources of finance are not necessarily consistent with the educational interests of the Australian public at large.⁴⁴ A major feature of the schools debate has been the unwillingness of private institutions to submit themselves to a process of public accountability and review particularly in terms of financial and resource allocation matters.

4. Future directions: a policy perspective

In our view, and in the opinion of the higher education unions, it is of paramount importance that Australia remain committed to a strong and unified public sector higher education system. The prob-

lems engendered by a dual system, as evidenced in some overseas countries and as exists currently in the Australian school system, are complex, pervasive and extremely serious. Right now, Australia is at the moment of decision over this issue — whether or not we should accept the emergence of a private sector in higher education and, further, whether we should maintain a centrally regulated and funded system of universities and colleges.

"... it is of paramount importance that Australia remains committed to a strong and unified public sector higher education centre."

The Federal Labor Government has been able to introduce deregulatory and privatising policies — including education export and the new student "administration charge" — which might not have been possible under an opposition regime. In taking these steps, the Labor Government has radically altered the climate of thinking and opinion about higher education in Australia.

4.1 Overseas marketing

In relation to the overseas marketing of education services, the Commonwealth Government's policy announcements have sought to accommodate critics of the export initiatives, including the academic unions, by insisting on full-fees being calculated on an appropriate basis and by insisting that industrial matters remain within the purview of appropriate industrial jurisdictions. However, a number of important issues have not been dealt with by the Commonwealth including:

- **Tensions between the regulated and unregulated overseas student programs and the associated issue of the existing aid-based subsidised quotas**
- **The implications of financing domestic student growth from export surpluses for the balanced and planned development of domestic higher education, particularly given the largely deregulated nature of the marketing strategy**
- **Detailing appropriate safeguards for the operation of 'hybrid' institutions and related developments, including "semi-private" institutions.**

Education's share of both the Gross Domestic Product and Federal Budget outlays has declined markedly over the decade from 1975.⁴⁵ Higher education has suffered particularly badly within the

total education budget. The centrality of post-school educational opportunities to the Federal Government's youth policy objectives, as well as to economic growth and the achievement of social justice objectives, cannot be overlooked.

A country with comparatively scarce financial resources, large geographical area and low population cannot afford to allow the growth of a deregulated, inequitable and uncoordinated dual-sector higher education system. It is essential to support the primacy of planning over market forces, and to prevent the emergence of a wasteful dual system within higher education. It is necessary, also, to ensure that no system of unregulated individual fee payment is introduced, since this necessitates deregulation, reduces equity in higher education provision, and encourages the intrusion of inappropriate market and profit imperatives in the higher education sector.

"Education's share of both the Gross Domestic Product and Federal Budget outlays has declined markedly over the decade from 1975."

We recognise and share, however, the Government's concern about the deteriorating terms of Australian trade and the current balance of payments problem and acknowledge that the higher education system can make a contribution to generating export earnings for Australia. It is therefore necessary to support the overseas marketing of Australian expertise in education and training in an orderly fashion where it can be demonstrated that existing aid-based arrangements and the domestic system are not compromised. This must involve severe restriction upon the number and category of students brought to Australia to study individually under full-fee arrangements. The introduction of full-fee students into the Australian system only provides a catalyst for the growth of a fully-fledged free market approach by Government to the system as a whole.

We suggest that the following general guidelines must apply:

- **Marketing projects should be centrally regulated and negotiated on a government-to-government basis or established by arrangement with multilateral agencies such as the World Bank or the Asian Development Bank:**

In this connection greater involvement of Commonwealth and State planning authorities in the development and im-

plementation of marketed services, and the use of consortia, based on co-operative efforts by a number of institutions, should be encouraged. This is preferable to the existing marketing strategy which encourages individual institutions to compete for tenders and contracts, and would lessen the danger of uneven development and distortions in the pattern of domestic growth financed by export earnings.

- **Emphasis should be placed primarily on off-shore development and the development of education training packages rather than bringing individual full-fee paying overseas students to Australia:**

Considerable foreign exchange can be generated by linking the export of education and training packages to Australian publicly or privately sponsored overseas infrastructure projects such as power, resource, water and transport development. As an export initiative these education and training packages should be based on full cost recovery.

Public and private administration also provides scope for packaged arrangements to be developed on a government-for-government or government-to-corporation basis using Australian education expertise in these fields.

In all cases packages should be developed after consultation and negotiation with management and unions involved in the relevant education and industry sectors. It is imperative that the industrial rights of academic and general staff, as well as educational standards for both Australian and overseas students, are safeguarded in the development and delivery of off-shore course packages. This must involve in each instance a process of consultation with campus staff unions and student organisations.⁴⁶

4.2 Private institutions

Private, semi-private and "hybrid" institutions, despite the Federal Government's reservations, are likely to be fully established in Australia soon. It is important that the Government address the questions posed by possible state and private corporate initiatives in these areas, which lie essentially beyond Commonwealth control. In particular the Federal Government must develop, as an urgent priority, adequate safeguards to prevent the inappropriate development of hybrid and semi-private arrangements which pose potential dangers for the orderly planning and proper funding of the public system. It must also examine closely possible measures which it could take to discourage the establishment of private tertiary institutions. Such measures could include:

- a commitment that student allowances would apply in future only to students in the public sector;
- unequivocal refusal to grant public funds as subsidies to private institutions;
- denial of student visas to non-Australian residents seeking admission to private institutions.

Unless these minimal measures are taken, the development of a more or less private sector in higher education seems inevitable. The unitary and potentially equitable and universal nature of Australia's higher education system will be lost.

"Federal and State Governments, operating within limited political time-frames, invariably adopt short-term perspectives on problems of public policy."

Conclusion

A major challenge for higher education policy-makers will be to deal with significantly increasing demand for university and CAE places without succumbing to deregulatory pressures and proposals to generate finance for the system through privatisation. Federal and State Governments, operating within limited political time-frames, invariably adopt short-term perspectives on problems of public policy.

In education, this is accompanied by memory lapses about the not-too-distant past, evidenced by calls for a return to a state government role in funding higher education. It was with a sigh of relief that states surrendered to Canberra, not much more than a decade ago, their responsibilities in this area. "Shared funding", as it was called, gave rise to incalculable inefficiencies, planning difficulties and opportunities for manipulation by unscrupulous states of the federal funding obligations. States unwilling to devote a reasonable level of funds to higher education had their neglect doubled, in effect, under the scheme.

Therefore, since some states are clearly willing to gain political kudos by making funds available for universities and CAEs it is difficult to resist their arguments in the present context. But resistance, or at least extreme caution on the part of the Commonwealth, is essential if the problems of the sixties and earlier are to be avoided.

Preoccupation with short-term political or financial issues is an aspect of the new realism infecting academics and education

policy-makers at the present time. Other features of this outlook include a willingness to accept any proposals — such as the overseas marketing initiatives — which might possibly generate income, no matter how small, and despite all warnings about possible long-term costs and disadvantages. The reimposition of tuition fees is also seen as a possible way to finance the system, especially if the fees are not too high, even by those who oppose a user-pays education policy in principle.

A reversion, on the part of academics, to a fortress mentality is also in evidence. Many academics appear to believe that higher education, although it receives its funding from the Federal Government, is not properly part of the public sector at all, but is a quasi-private institution which

can and should obtain financial support from all available sources, as it sees fit and notwithstanding the resulting implications for its own operations. Accountability to the Government, or to the public at large, is not seen as part of the system's responsibility.

If increased privatisation and deregulation of the higher education system are to be avoided, and if the insistence on public accountability is to be maintained, then the Federal Government has but one choice. In its own interests, and in the interests of a balanced, equitable higher education system, the Commonwealth must retain control of universities and CAEs, and their funding. This cannot be done without cost, increased cost, but the alternative scenario is a dangerous one indeed.

Footnotes and Supporting Data

*Both were ACTU representatives on the Australian Government's 1985 Export of Education Services Trade Mission to South East Asia.

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1. The most notorious expressions of the neo-conservative position on the domestic higher education system are probably Richard Blandy, *A Liberal strategy for reform of the education and training*, Appendix E, Volume 2, *Report of the National Inquiry into Education and Training*, AGPS March 1979 and George Fane, *Education policy in Australia*, Economic Planning and Advisory Council, *Discussion Paper Number 8*, October 1984. Two more recent, and quite sophisticated accounts are Harry Gelber, *The universities: current problems and future options*, Institute of Public Affairs, June 1985 and Peter Standish, *Market incentives and organisational response in higher education*, Presidential Address to the Accounting Association of Australia and New Zealand Annual Conference, November 1985. Recent free-market accounts advocating the application of full cost fees and commercial principles to overseas student education are Helen Hughes, *Education as an export industry*, Paper given to the Withering Heights Conference, Monash University, November 1984 and C.D. Throsby, *Trade and aid in Australian post-secondary education*, Development Centre, ANU, May 1985.
2. Standish, op cit at page 15 argues that market signals should be entrenched. A voucher system is proposed as a specific form of State subsidy to underwrite the market's operation which will 'allow the pricing of tertiary education products [to be] set on the basis of what the market will bear . . . by reference to the value conferred on the individual by the course and its

resulting qualification . . . only by treating [academic] programs as premium price products will it be possible to determine true levels of demand and to generate the resources and quality that will sustain competitive advantage'.

The analysis specifically disavows the significance of social objectives (at p2) and ignores the issues of unequal economic and social power in the market. Indeed it is argued that vulnerable academic areas should be treated as 'persistent loss-making [which] should be accorded the same fate as commercial unprofitability and insolvency' (p17). Throsby op cit has a similar perspective on price and market signals in the overseas export sector (see pp9-12 particularly) although, kindly under the circumstances, a less severe response to failure in the market!

3. A useful critique of these aspects of neo-conservative philosophy can be found in Peter Singer, 'Individual rights and the free market' in Marian Sawer (ed.) *Australia and the New Right*, George Allen and Unwin, Sydney, 1982, pp45 and 46 particularly.
4. This problem is discussed in CTEC study group on quality and efficiency in Australian higher education, Canberra, AGPS, October 1984. FCA and FAUSA broadly support the findings of this study group and believe graduation rates, attrition rates, excellence in teaching and research, diversity in course offerings and staff/student ratios are appropriate empirical indicators. On the basis of these indicators the higher education system has been effective in achieving its goals. See Federation of College Academics, *Submission to CTEC Efficiency and Effectiveness Review*, Canberra, December 1985, and Federation of Australian University Staff Associations, *Submission to the Review of Efficiency and Effectiveness*, Melbourne, December 1985. The *Report of the Review of Efficiency and Effectiveness in Higher Education*, CTEC, Canberra, September 1986, also takes this position (Chapters 2 and 3).
5. See the *Report of the Review of Efficiency and Effectiveness in Higher Education*, CTEC, Canberra, 1986, paragraph 3.1.
6. For the most recent figures, see the *Report of the Review of Efficiency and Effectiveness*, op cit, paragraphs 3.76 - 3.81.
7. Again the *Review of Efficiency and Effectiveness* offers recent data, including a measure of the increase of female participation — from 42% of total enrolments in 1976 to 48% in 1985. See sections 3.20 - 3.42.
8. See *Review of Efficiency and Effectiveness*, sections 3.16 - 3.19.
9. See *Review of Efficiency and Effectiveness*, sections 2.14 - 2.19.
10. See OECD Working Party of the Education Committee on Educational Statistics and Indicators, *Full time enrolments 1960-1980*, Paris, April 1981, pp21, 24, 28.
11. Australian Vice-Chancellors' Committee and Australian Conference of Directors and Principals, *Unmet student demand in universities and colleges in 1986*, Canberra, May 1986.
12. *Review of Efficiency and Effectiveness*, sections 3.20-21, table 3.5.
13. *Review of Efficiency and Effectiveness*, sections 3.43 - 3.45.
14. A good general summary of this problem can be found in Adam Jamrozik, *Universality and selectivity, social welfare in a market economy* in Adam Graycar (ed.), *Retreat from the welfare state*, Allen and Unwin, 1983. Jamrozik highlights the inequalities of residualism by arguing that ' . . . much of the discussion on selectivity is not about redistribution or providing for the needs; rather the main concern is usually about the need to control or reduce public expenditure . . . selectivism leads to residualism and, in turn, to a denial of citizenship . . . residualism in [public sector] services does not alleviate inequalities inherent in the forces of the market. On the contrary it fits into the dominant market order' (p180).
15. See Higher Education Round Table, *Why tertiary fees would increase inequality*, Canberra, March 1985.
16. See Tertiary Education Research Centre, *Students in Australian higher education: a study of their social composition since the abolition of fees*, AGPS, July 1979.
17. Detailed data on the dominance of the private schooling system in entry to higher education at a general level, and in the most prestigious institutions and disciplines can be found in Clive Williams, *The early experiences of students on Australian university campuses*, Sydney university, 1984 (first published with Tom Pepe, 1982). This problem is also succinctly dealt with by Simon Marginson, *The collapse of the 1973 Karmel consensus*, Australian Teachers' Federation Research Paper 9, December 1985 (pp10, 11). The inequitable impact of traditional HSC assessments and their biases against public school-leavers are highlighted in Terrence R. Dunn, *An empirical demonstration of bias in HSC examination results*, *Australian Journal of Education*, Volume 26, Number 2, 1982, pp190-203, and Leo West, *Differential*

prediction of year university performance for students from different social backgrounds, *Australian Journal of Education*, Volume 29, Number 2, 1985, pp174-187.

18. McNair Anderson, Tertiary fees public opinion poll, Commissioned by the Higher Education Round Table, March, 1985.
19. For a useful introduction to the general question of foreign aid see Theresa Hayter, *Aid: rhetoric or reality*, Pluto Press, 1983 and for general Commonwealth perspectives on Australian trade with South East Asia see Joint Parliamentary Standing Committee on Foreign Affairs and Defence, *Australia and ASEAN*, AGPS, 1984.
20. John Dawkins, Minister for Trade, *Speech releasing report of export of Education Services Mission*, World Trade Centre, Melbourne, October 4 1984, pp.18-19.
21. See Commonwealth Tertiary Education Commission, *Report for the 1985-87 Triennium, Volume 1, Part 1*, Recommendations on Guidelines, AGPS March 1984 especially pp65-87 for details on this strategy, and Higher Education Round Table, *The Tertiary Education Report*, Canberra 1984, for academic union perspectives on planning growth in the system.
22. See statement by Senator Susan Ryan, Minister of Education, *Overseas Student Policy Review*, March 22 1985.
23. *Report of the Committee to Review the Australian Overseas Aid Program*, AGPS, Canberra, March 1984.
24. *Report of the Committee of Review of the Private Overseas Student Policy*, Canberra, May 1984. (See especially chapters 8 and 9).
25. This inclusion of the \$100 million subsidy in the aid budget flowed from the recommendation of *The Jackson Report*, op cit, (p94) and has been the subject of sustained criticism by aid organisations. The Australian Council for Overseas Aid (ACFOA), a noted supporter of political and economic independence for developing countries, expressed great hostility to this decision on the basis that the subsidised program's aid objectives are not properly defined.
26. The detailed breakdown of the country/region of origin of private overseas students by percentage share is Malaysia (56%), Hong Kong (13%), Singapore (13%), Indonesia (6%), Thailand (1%), Japan (1%), India (2%), Sri Lanka (1%), Oceania (5%), Africa (5%) and Asia (90%). Figures from the *Goldring Report*, op cit, p202.
27. Academic staff at RMIT successfully opposed a proposal to market engineering courses (in four specially designed course proposals) to overseas students at full-cost when it became apparent that the proposed award arising from the course — a specifically created Bachelor of Technology — was not recognised by the Australian Institute of Engineers. See, for details, Christopher Dawson, RMIT fails in bid to sell engineering courses in Indonesia, *The Australian*, October 23 1985.
28. These problems are canvassed in Council of Academic Staff Associations (FCA's Victorian affiliate), *Submission to Victorian Government on the Export of Education Services and Full-Fee Courses*, Melbourne, June 2 1986, p6.
29. The RMIT Indonesian proposal is a case in point. The decision by La Trobe University not to pursue the marketing of education services (at least for the time being) also received impetus from such concerns about specific proposals.
30. See Council of Academic Staff Associations, *Submission to Victorian Government on the Export of Education Services and Full-Fee Courses*, Melbourne, June 2 1986, p6.
31. Hughes op cit, argues for the increased use of contracts when she says Australia should be cost-competitive in the overseas education market but that the existing, regulated tenure system is a major reason for Australian costs being too high. She recommends that ' . . . a revitalization of staff, particularly at senior levels, by opening up frozen positions is needed not only to cater to foreign students in Australia but also to stimulate interest in selling education abroad . . . tenure urgently needs to be replaced by renewable contracts to increase productivity' (pp27,28).
32. Commonwealth Tertiary Education Commission, *Review of Efficiency and Effectiveness in Higher Education*, AGPS, Canberra 1986, Sections 5.27 - 5.30.
33. CASA, op cit, p15 observes that 'institutions must ensure the adequate replacement of staff who are seconded to work in overseas countries. Replacement policies should ensure that senior experienced staff are not replaced by junior inexperienced staff'.
34. See *Australian Higher Education Supplement (AHES)*, 18 June 1986.
35. For background on Alan Bond's interests and priorities in this area, see *The Australian*, 22 October 1986, p13.
36. *AHES*, 18 June 1986.
37. Bowles and Gintis, *Schooling in capitalist America*, RKP, 1976, pp201-224 and David Turner, *Education in the USA: freedom to be unequal* in Brian Holmes (ed.) *Equality and freedom in higher education*, George Allen and Unwin, 1985, pp105-135.
38. *Chronical of Higher Education*, 23 July 1986, "Fact file: Racial and ethnic makeup of college and university enrolments", pp25-34.
39. See B. Preston, "Residualisation, What's That?" in *Australian Tacher*, No. 8, May 1984.
40. Marginson, op cit, p8.
41. *ibid*, pp16-17.
42. Gelber, op cit, p20.
43. Jane Nicholls, *Marketing higher education: the costs*, Paper given to the Export of Education Services Conference, Canberra, October 1985, p4.
44. *ibid*, p7.
45. For details see Commonwealth Tertiary Education Commission *Review of Efficiency and Effectiveness in Higher Education*, Table 2.15, p66, which shows that, whereas in 1974-75 education represented 6.02% of GDP, ten years later education represented only 5.69% of GDP.
46. See Victorian Post-Secondary Education Commission, *Draft Guidelines for the Export of Education Services (Tertiary)*, VPSEC, Melbourne, August 1986.